



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

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March 14, 2016

Honorable Mark Leno, Chair
Joint Legislative Budget Committee
Senate Budget and Fiscal Review Committee

Honorable Phil Ting, Chair
Assembly Budget Committee

Honorable Ricardo Lara, Chair
Senate Appropriations Committee

Honorable Lorena Gonzalez, Chair
Assembly Appropriations Committee

Cap and Trade Program—2016 Report on Expenditures

Pursuant to section 39720 (a) of the Health and Safety Code, this report is respectfully submitted.

Chapter 807, Statutes of 2012 (AB 1532) requires the Department of Finance to submit an annual report to the Legislature on the status of projects funded from the Greenhouse Gas Reduction Fund (GGRF) Investment Plan, and their outcomes. The attached annual report is being submitted pursuant to this requirement.

This report identifies the outcomes of nearly \$2.6 billion that was appropriated to state agencies through 2015-16. To date, \$1.7 billion has been awarded to implement GHG emission reduction programs, projects, and activities. Of this amount, \$912 million has been disbursed to over 2,500 projects and 63,000 rebates. Over the lifetime of awarded projects, these investments are estimated to reduce 14.3 million tons of GHG emissions. A completed high speed rail system is estimated to further reduce GHG emissions by 44 million tons.

In addition to funding GHG emission reductions, these investments provide a number of additional co-benefits, including: reduced wildfire risk, increased water conservation, improved access to transit, and enhanced ecosystems. Importantly, funding has been distributed among programs that result in near-term emission reductions and projects that support the state's longer-term climate targets.

These investments also provide benefits to the state's most disadvantaged communities. Chapter 830, Statutes of 2011 (SB 535) requires that a minimum of 25 percent of California Climate Investments are allocated to projects that provide benefits to disadvantaged communities, and a minimum of 10 percent are allocated to projects located within and providing benefits to disadvantaged communities. To date, these requirements have been exceeded: 51 percent of all projects have benefitted disadvantaged communities and 39 percent of all projects have been located in disadvantaged communities, not including High Speed Rail. The High Speed Rail project also will benefit disadvantaged communities throughout the state by creating thousands of direct construction-related jobs as well as indirect jobs and related economic development benefits in communities of the Central Valley.

As programs supported by Cap and Trade auction proceeds continue to develop and provide climate change benefits and other co-benefits, the Administration will continue to report annually on the status and outcomes of these projects and activities.

If you have any questions or need additional information regarding this matter, please contact Matt Almy, Assistant Program Budget Manager, at (916) 324-0043.

MICHAEL COHEN

Director

By:



AMY M. COSTA

Chief Deputy Director

Attachment

cc: Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Honorable Lois Wolk, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Richard Bloom, Chair, Assembly Budget Subcommittee No. 3
Mr. Mac Taylor, Legislative Analyst (3)
Mr. Mark Ibele, Staff Director, Senate Budget and Fiscal Review Committee
Mr. Mark McKenzie, Staff Director, Senate Appropriations Committee
Mr. Joseph Shinstock, Appropriations Fiscal Director, Senate Republican Fiscal Office
Mr. Kirk Feely, Budget Fiscal Director, Senate Republican Fiscal Office
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christian Griffith, Chief Consultant, Assembly Budget Committee
Mr. Pedro R. Reyes, Chief Consultant, Assembly Appropriations Committee
Mr. Eric Swanson, Staff Director, Assembly Republican Fiscal Committee
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
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Mr. E. Dotson Wilson, Chief Clerk of the Assembly
Ms. Nancy E. McFadden, Executive Secretary, Office of Governor Edmund G. Brown Jr.
Mr. Matthew Rodriguez, California Secretary for Environmental Protection
Ms. Ashley Conrad-Saydah, Deputy Secretary for Climate Policy, California Environmental Protection Agency
Ms. Mary Nichols, Chair, California Air Resources Board
Mr. Richard Corey, Executive Director, Air Resources Board
Ms. Jennifer Gress, Ph.D., Legislative Director, California Air Resources Board
Ms. Cynthia Marvin, Chief, Transportation and Toxics Division, Air Resources Board